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FISCAL IMPACT STATEMENT

LS 6854

BILL NUMBER: HB 1249

NOTE PREPARED: Mar 5, 2008

BILL AMENDED: Feb 19, 2008

SUBJECT: Tuition Exemption for Purple Heart Recipients.

FIRST AUTHOR: Rep. Klinker

FIRST SPONSOR: Sen. Wyss

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) (A) This bill provides that an Indiana resident who: (1) enters active duty service in the armed forces of the United States or the Indiana National Guard after September 10, 2001; (2) receives the Purple Heart decoration; and (3) satisfies other criteria; is exempt from tuition and fees at a state educational institution. The bill provides that the tuition and fee exemptions for Purple Heart recipients are not eligible for reimbursement by the state.

(B) The bill provides that the tuition and fee exemption for: (1) certain children of veterans; (2) spouses and children of National Guard members; and (3) Purple Heart recipients; for a credit hour is equal to the cost of an undergraduate credit hour.

Effective Date: Upon Passage; July 1, 2008.

Explanation of State Expenditures: (Revised) (A) The impact would depend on the number of Indiana veterans who entered active service duty after September 10, 2001, and received a Purple Heart and that apply for the tuition and fees exemption after June 30, 2009. The state currently provides the tuition and fees exemption to children of Purple Heart recipients. For FY 2006-2007, 265 students qualified and the average fee exemption was about \$3,363.

According to the Indiana Department of Veterans Affairs, the Indiana National Guard has deployed 9,570 people since 9/11/2001. Of the 9,570 deployed, 63 National Guard members (0.66%) have been awarded Purple Hearts. It is estimated that 30,000 people have been on military active duty from Indiana since 9/11/2001. Assuming approximately the same percentage received a Purple Heart, then about 261 Purple Hearts would have been issued since 9/11/2001.

Assuming a 6% increase in tuition and fees per year and an estimated 261 Purple Heart recipients take advantage of the benefit, the cost of additional exemptions for state education institutions could be about \$986,232 for FY 2009 if all 261 Purple Heart recipients took advantage of the exemption. State educational institutions would have to pay the additional cost associated with the exemption within the existing revenue.

(B) About 320 graduate students of 5,018 children of veterans and surviving children or surviving spouse of a National Guard member received about \$1.3 M of the \$17 M in tuition exemptions benefits for FY 2006-2007. The bill would reduce future tuition exemption costs by the difference in the cost of graduate and undergraduate school. The initial saving would be minor.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Educational Institutions, Department of Veterans Affairs.

Local Agencies Affected:

Information Sources: Tom Applegate, Indiana Department of Veterans Affairs, 232-3910, Laurie Gavrin, State Student Assistance Commission, 234-5134.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.